

## CHAPTER 80-2-6

### SUPERVISORY AUDITS

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#### **80-2-6-.01 Frequency of Supervisory Audits.**

(1) The Supervisory Committee shall make or cause to be made an annual audit which must be comprehensive in scope covering the period elapsed since the last annual audit and shall submit same at the next annual meeting of the members of the credit union. The audit may be performed by the Committee members themselves or the Committee may elect to contract for the services of an outside independent accountant or firm of such accountants to make audit as required in Ga. Code Section 7-1-657(b). Upon completion, one copy of an audit performed by an independent accounting firm shall be forwarded to the Department of Banking and Finance by that firm.

(2) The Supervisory Committee shall be responsible for the preparation and maintenance of work papers used to support audits it performs. Such work papers of the Committee or of an outside independent accountant shall be subject to review by the Department of Banking and Finance.

(3) At frequent intervals, the Supervisory Committee shall also make an inspection of the assets and liabilities of the credit union and shall conduct supplementary audits upon request of the Department of Banking and Finance.

Authority Ga. L. 1974, pp. 705, 733, 904; 1981, pp. 1245, 1250.

#### **80-2-6-.02 Percentage of Accounts to Be Confirmed by Supervisory Committee.**

(1) In the event a credit union does not render statements on all share, deposit, and loan accounts at least annually, the Supervisory Committee shall confirm 100% of all such accounts annually in accordance with paragraph (3) of this section.

(2) If statements of all share, deposit, and loan accounts are rendered to members either through the mail or hand delivered by the treasurer, other officers, or employees of the credit union at least annually, the Supervisory Committee shall confirm 100% of all such accounts at least every two years. In lieu of regular type confirmations, the Supervisory Committee may elect to mail out regular statements of such accounts.

(3) All confirmations performed by the Supervisory Committee including the mailing of statements of share, deposit, and loan accounts shall be under controlled conditions, as follows: The Supervisory Committee shall be responsible for determining that share, deposit and loan ledgers are in balance with the general ledger preparatory to mailing copies of such statements of accounts to the members. The treasurer, assistant treasurer, bookkeeper, or any other person normally assigned to the task of posting member ledger accounts shall not participate in the

preparation or mailing of such statements of accounts. The members shall be advised by either a notation on the statement or by an enclosure that: "If the amount shown on the statement does not agree with your records, please notify the chairman of the Supervisory Committee of any difference." A self-addressed envelope should be enclosed for the member's convenience.

Authority Ga. L. 1974, pp. 705, 733, 904; 1981, pp. 1245, 1250.

### **80-2-6-.03 Applicable Auditing Standards.**

An audit of a credit union by an independent accountant or firm of such accountants shall be made in accordance with generally accepted auditing standards as set forth in pronouncements of the American Institute of Certified Public Accountants.

Authority Ga. L.. 1974, pp. 705, 733, 904; Ga. L. 1981, pp. 1245, 1250.

### **80-2-6-.04 Scope of Audit.**

(1) The independent accountant should be generally familiar with the statutes, rules, and regulations under which the credit union being audited operates, and with its charter and bylaw provisions. The audit should incorporate the necessary procedures to satisfy the independent accountant that there is compliance with the applicable requirements that might materially affect the credit union's financial position of operation.

(2) Specific Requirements:

(a) Method and degree of direct verification must be stated and the results analyzed by schedule. These comments should indicate whether positive or negative confirmations were used, number of confirmations mailed, number of replies received, number of undeliverable confirmations, analysis of discrepancies disclosed, and degree of follow-up confirmation for non-replies and undeliverable confirmations.

(b) Comment must be made to the effect that Internal Routines and Controls were evaluated and no exceptions were found or that certain listed exceptions were noted.

(c) The report or separate management letter must set forth in sufficient detail the general scope of the audit performed.

Authority Ga. L. 1974, pp. 705, 733, 904; Ga. L. 1981, pp. 1245, 1250.